

Message Text

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DLOS-09 OES-09 /085 W
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FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 8079
INFO ALL EC CAPITALS
AMEMBASSY TOKYO

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USEEC

E.O. 11652: N/A
TAGS: EEC, EIND
SUBJ: EC FOREIGN MINISTERS COUNCIL, JULY 25: SHIPBUILDING

REF: BRUSSELS 12800

1. SUMMARY: THE JULY 25 EC FOREIGN MINISTERS COUNCIL MADE SIGNIFICANT PROGRESS ON THE EC COMMISSION'S PROPOSAL FOR A PROGRAM TO DEAL WITH THE CRISIS IN EUROPEAN SHIPBUILDING. U.K. SKEPTICISM EXPRESSED AT THE JUNE FOREIGN MINISTERS COUNCIL REGARDING AN ACTIVE COMMUNITY ROLE IN RESTRUCTURING THE SHIPBUILDING SECTOR (REFTEL) WAS IN PART OVERCOME AND THE MINISTERS WERE ABLE TO AGREE ON THE TEXT OF A PROPOSED RESOLUTION CALLING FOR CONCERTED ACTION. ALTHOUGH THE BRITISH MAINTAINED A RESERVE ON THE RESOLUTION, MINISTER OF STATE JUDD EXPRESSED OPTIMISM THAT IT SOON COULD BE LIFTED. END SUMMARY.

2. IN POST COUNCIL COMMENTS, GERMAN FOREIGN MINISTER GENSCHER AND FRG MINISTER OF STATE DOHNANYI CHARACTER-
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IZED THE SHIPBUILDING DEBATE AS INTENSE AND TOUGH. COMMISSIONER DAVIGNON HAD INTRODUCED THE SHIPBUILDING RESOLUTION CALLING FOR RESTRUCTURING, BUT NOT MENTIONING SPECIFIC FIGURES. AFTER LONG DEBATE, A SMALLER WORKING PARTY OF EXPERTS REDRAFTED THE PROPOSED RESOLUTION. WHILE THE RESOLUTION RECOGNIZES THAT THE PRINCIPAL RESPONSIBILITY FOR RESTRUCTURING THE SHIPBUILDING SECTOR

RESTS WITH THE SHIPYARD OWNERS THEMSELVES, IT CALLS ON MEMBER STATE GOVERNMENTS TO PROVIDE ASSISTANCE AND, IN AN IMPORTANT BRITISH CONCESSION, CALLS ON THE COMMUNITY TO "ORIENT AND STIMULATE" THE RESTRUCTURING. THE COMMISSION IS MANDATED TO BEGIN MEDIUM AND LONG TERM STUDIES OF THE SECTOR IN COLLABORATION WITH HIGH LEVEL CIVIL SERVANTS FROM MEMBER COUNTRIES.

3. INFORMAL EMBASSY TRANSLATION OF THE OPERATIVE PARAGRAPHS OF THE COUNCIL RESOLUTION FOLLOWS. BEGIN TEXT:

A - IN THE COUNCIL'S VIEW, STRUCTURAL ADAPTATIONS LEADING TO THE MAINTENANCE OF A HEALTHY AND COMPETITIVE SHIPBUILDING INDUSTRY IN THE COMMUNITY ARE NECESSARY.

THE INDUSTRY SHOULD HAVE ACTIVITIES PROPORTIONATE TO THE IMPORTANCE OF THE COMMUNITY'S MARITIME TRADE AND WITH DUE RESPECT FOR OTHER PRINCIPAL INTERESTS OF THE COMMUNITY AND ITS MEMBER STATES, WITH PARTICULAR CONCERN FOR SOCIAL AND STRATEGIC DIMENSIONS; THESE ADAPTATIONS SHOULD TAKE ACCOUNT OF MEDIUM AND LONG TERM MARKET TRENDS.

B - THE COUNCIL INVITES THE INDUSTRY TO CONTINUE AND TO INTENSIFY, IN AN APPROPRIATE MANNER, ITS EFFORTS TO ADAPT AND RESTRUCTURE ITS PRODUCTION CAPACITY AND TO DIVERSIFY ITS ACTIVITIES.

C - THE COUNCIL INVITES THE INDUSTRY TO STRENGTHEN ITS COMPETITIVENESS BY IMPROVING MANAGEMENT, RESEARCH
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AND PLANT.

D - THE COUNCIL REQUESTS COMPETENT LOCAL, NATIONAL AND COMMUNITY AUTHORITIES TO SUPPORT AND EVEN DIRECT, IF NECESSARY, THE ABOVE-MENTIONED EFFORTS OF THE INDUSTRY; REQUESTS THESE PUBLIC AUTHORITIES TO EMPHASIZE THE CREATION OF NEW JOBS TO COMPENSATE FOR THE LOSS OF JOBS IN THE SHIPBUILDING SECTOR AND INVITES THEM TO REDUCE THE SOCIAL CONSEQUENCES OF WORKERS AFFECTED BY THE REDUCTION OF THE INDUSTRY'S ACTIVITY; AND REQUESTS THE AUTHORITIES OF MEMBER STATES AND OF THE COMMUNITY TO TAKE ALL THESE OBJECTIVES INTO ACCOUNT IN THEIR INDUSTRIAL, REGIONAL, SOCIAL AND GENERAL ECONOMIC POLICIES AND TO PROVIDE SUFFICIENT FUNDS TO THIS END TO THE EXTENT BUDGETARY AND FINANCIAL CONSTRAINTS PERMIT.

E - IN THE COUNCIL'S VIEW, THE COMMUNITY WILL HAVE TO CONTINUE ITS EFFORTS TO OBTAIN, IN THE CONTEXT OF INTERNATIONAL COOPERATION, ADEQUATE SOLUTIONS SO THAT THE INEVITABLE REDUCTION IN WORLD SHIPBUILDING CAPACITY CAN BE ACHIEVED IN THE LEAST DAMAGING AND MOST EQUITABLE WAY POSSIBLE.

F - THE COUNCIL TAKES NOTE THAT THE COMMISSION WILL ASK

COMPETENT BODIES TO MAKE MIDDLE AND LONG TERM MARKET STUDIES AND THAT THE COMMISSION WILL REPORT THE RESULTS OF THESE STUDIES TO THE COUNCIL AND AT THE SAME TIME GIVE ITS OPINION ON THE NECESSARY CHANGES IN PRODUCTION STRUCTURES; NOTES THAT THE COMMISSION WILL PRESENT, IN THE NEAR FUTURE, PROPOSALS CONCERNING SOCIAL MEASURES TO BE TAKEN AT THE SAME TIME; AND NOTES THAT SOME MEASURES DEALING WITH MARITIME POLICY COULD BE IMPORTANT FOR THE SHIPBUILDING INDUSTRY. IN THIS REGARD, THE COUNCIL INVITES THE COMMISSION TO EXPRESS ITS OPINION ON WHETHER AND HOW CERTAIN MEASURES COULD IMPROVE DEMAND FOR NEW SHIPS FROM COMMUNITY SHIPYARDS SO THAT THIS ASPECT CAN BE CONSIDERED IN ELABORATING THE MARITIME POLICIES OF THE

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COMMUNITY AND THE MEMBER STATES.

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G - THE COUNCIL TAKES NOTE THAT THE COMMISSION WILL DRAW UP A REPORT ON THE CURRENT STATE OF THE SHIPBUILDING INDUSTRY AND THE PROGRESS MADE IN ITS RESTRUCTURING AND WILL SUBMIT, IN THE NEAR FUTURE, APPROPRIATE

PROPOSALS. END TEXT.

3. ALTHOUGH THE TEXT OF THE RESOLUTION RECEIVED UNANIMOUS APPROVAL, THE U.K. MAINTAINED A RESERVE PENDING CONSULTATIONS WITH HMG. VON DOHNANYI, IN HIS POST-COUNCIL PRESS CONFERENCE, SAID THE BRITISH LACKED AUTHORITY TO APPROVE THE RESOLUTION, BUT HE EXPECTED THEY WOULD BE ABLE TO LIFT THEIR RESERVE SOON. HE STRESSED THE POLITICAL IMPORTANCE OF UNANIMOUS AGREEMENT TO THE RESTRUCTURING OF THIS SECTOR IN THE COMMUNITY CONTEXT AND LABELED IT "GREAT PROGRESS".

4. A COMMISSION SPOKESMAN CHARACTERIZED THE RESOLUTION AS A VICTORY FOR THE EIGHT OVER BRITISH RELUCTANCE. HE EXPLAINED THAT THE PRICE OF BRITISH AGREEMENT WAS THE ACCEPTANCE OF THE PRINCIPLE OF STRATEGIC GUARANTEES FOR THE SHIPBUILDING SECTOR. U.K. MINISTER OF STATE JUDD TOLD REPORTERS THAT BRITAIN HAD AGREED TO THE TEXT BECAUSE

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IT RECOGNIZED THE U.K.'S NEED FOR SHIPBUILDING FOR MORE THAN COMMERCIAL PURPOSES. COMMISSIONER DAVIGNON REPORTEDLY URGED CAUTION ON THE STRATEGIC DIMENSION SAYING NO ONE REALLY KNOWS WHAT IS MEANT BY STRATEGIC GUARANTEES. HINTON

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